REMARKS

This Amendment and Request for Reconsideration is submitted in response to an outstanding Office Action dated February 27, 2004.

I. Status of the Claims

Please amend claim 1 as indicated above. New claims 116-120 are added. Claims 18-22 and 24-115 are canceled without prejudice pursuant to a provisional election made during a February 10, 2004 telephone conversation with the Examiner to prosecute the invention of Group I, claims 1-17 and 23.

Applicants acknowledge the Examiner's citation of statutory authority as a basis for claim rejections.

II. Rejections under 35 U.S.C. § 112, first paragraph

The Examiner has rejected claims 1-17 and 20-22 under 35 U.S.C. § 112, first paragraph, as failing to comply with the enablement requirement. The Examiner states that the "specification does not provide an enabling disclosure to support the claimed step of 'providing one or more company representatives with unilateral authority to implement the condition and change a parameter of the debt instrument.'"

Applicant respectfully traverses the rejection by amending Claim 1 to more closely track the language of the specification. Claim 1 now states in part "providing a company, or company representatives, with unilateral authority to implement the condition and change a parameter of the debt instrument."

Support for providing the company or its representatives with unilateral authority to implement the condition and change the parameter is found in the specification. In a non-limiting example, at paragraph [0032], the specification states:

> At step 304, after the debt instruments have been issued, the company announces that it has concluded that it is not in the best interests of its shareholders for its debt to be accumulated and adopt a debt rights plan, much the same way companies announce an equity Poison Pill. In this step, the Board determines the debt concentration threshold, and at step 306, the concentration threshold is associated with the already issued debt instruments.

As those of ordinary skill knew when the application was filed, an equity poison pill was a measure or tactic used by a company to avoid a hostile takeover. Such a poison pill tactic is only truly effective when the company has the unilateral authority to implement the measure. Otherwise the company's ability to implement the poison pill would be subject to agreement or approval by others, significantly diminishing the value and utility of an equity poison pill. In the same way the instant invention allows the company representatives to take accelerated action to implement the condition and change a parameter of the debt instrument.

Other paragraphs in the specification also describe the unilateral authority of the company or its representative to implement a condition and change a parameter. Applicants thus submit that when read in the entirety, the specification provides support for the company, or its representatives, having unilateral authority to implement the condition and change the parameter. Claims 1-17 and 23 thus enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention. Accordingly, the applicant respectfully requests that the Examiner withdraw this rejection.

III. Rejections under 35 U.S.C. § 103

The Examiner has rejected claims 1-17 under 35 U.S.C. § 103(a) as being unpatentable over King (U.S. Patent No. 6,148,293), as discussed in paragraph 5 of the August 11, 2003 Office Action. The Examiner acknowledged that King fails to "explicitly teach the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold." The Examiner took official notice that the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold is old and well known in the art." And that "[c]hanging the threshold can be negotiated between the lender and the borrower." The Examiner also stated that King "teaches the step of issuing the debt instrument with the associated condition and changing at least one parameter of the debt instrument (*See* King Claim 1)."

The applicant respectfully submits that claims 1-17 are allowable over the cited art. As discussed above, claim 1 has been amended to more clearly reflect the fact that the specification provides for a company, or its representatives, to have the unilateral authority to implement a condition and change a parameter. The negotiated change between lender and borrower of King does not disclose, teach or suggest such unilateral authority.

Applicant has also added new claim 116, which covers "[a] method for managing concentration of debt, the method comprising: determining a debt concentration threshold; and associating a condition with a debt instrument, the condition changing at least one parameter of the debt instrument, the condition available when an entity holds more debt instruments than the debt concentration threshold, wherein the changed parameter has less than an infinite number of values. As reflected in new claims 117-120, the parameter having less than an infinite number of

values changed can be the subordination of the debt instrument to other debt instruments (claim 117), the restriction of voting (claim 118), restricting the redemption of the debt instrument (claim 119) and changing the series of the debt instrument (claim 120). Applicant submits that King does not teach such a means of issuing a debt instrument and changing at least one parameter of the instrument.

King Claim 1 states:

> [t]he negotiated terms and conditions of a financial contract with an identified lender which provides for the level of compensation thereon to be adjusted periodically to produce a rate of compensation tied to an external benchmark, allowing the issuing entity to establish a lower rate of compensation in any period in which its solvency or deteriorating credit quality, including with respect to the business activity to which the contract relates, is otherwise threatened in exchange for establishment of a higher rate of compensation during periods in which the results of a formula computation exceed certain pre-agreed levels...

(King Claim 1). Thus, King discloses a way of tying the compensation of the debt instrument to an external benchmark, thus creating a floating compensation rate. The floating compensation rate disclosed by King has an infinite number of possible values. An infinite number of possible values differs fundamentally from the invention of claim 116, where each disclosed parameter has less than an infinite number of values.

Assuming arguendo that the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold is old and well know in the art, it would not have been obvious over King to tie this condition to a parameter with less than an infinite number of values where the condition changes the value. New Claim 116 is therefore allowable over King.

IV. Request for Reconsideration

Applicants respectfully submit that the claims of this application are in condition for allowance. Accordingly, reconsideration of the rejection and allowance is requested. If a conference would assist in placing this application in better condition for allowance, the undersigned would appreciate a telephone call at the number indicated.

Respectfully submitted,

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